

§ 290.8

32 CFR Ch. I (7–1–98 Edition)

withholding the record and ordering its production.

[56 FR 49685, Oct. 1, 1991, as amended at 56 FR 56932, Nov. 7, 1991; 57 FR 15254, Apr. 27, 1992; 60 FR 35699, July 11, 1995]

§ 290.8 Fees.

(a) Fees shall be determined in accordance with the DoD fee schedule, which is detailed in DCAAP 5410.14. Fees reflect direct costs for search, review (in the case of commercial requesters), and duplication of documents, collection of which is permitted by the FOIA. Fees are subject to limitations on the nature of assessable fees based on the category of the requester; statutory and automatic waivers based on the category determination and cost of routine collection; and either the waiver or reduction of fees when disclosure serves the public interest.

(b) Fees will not be charged when direct costs for a FOIA request are \$15.00 or less, the automatic fee waiver threshold, regardless of category.

(c) *Fee assessment.* In order to be as responsive as possible to FOIA requests, DCAA organizational elements should adhere to the following when assessing fees:

(1) Evaluate each request to determine the requester category and adequacy of the fee declaration. An adequate fee declaration requires a willingness by the requester to pay fees in an amount equal to, or greater than, the assessable charges for the request.

(2) Provide requesters an opportunity to amend inadequate fee declarations and provide estimates of prospective charges when required. When a requester fails to provide an adequate fee declaration within 30 days after notification of a deficiency, the request for information will be considered withdrawn.

(3) A requester's claims for assessment of fees under a specific category will be carefully considered. The IDA may require a requester to substantiate a claim for assessment under a claimed category. In the absence of requester claims, the IDA will determine the category into which a requester falls, basing its determination on all available information.

(4) When a DCAA organizational element disagrees with a requester claim

for fee assessment under a specific category, the IDA will provide the requester with written determination indicating the following:

(i) The requester should furnish additional justification to warrant the category claimed.

(ii) A search for responsive records will not be initiated until agreement has been attained relative to the category of the requester.

(iii) If further category information has not been received within a reasonable period of time, the component will render a final category determination; and

(iv) The determination may be appealed to the Assistant Director, Resources, within 60 calendar days of the date of the determination.

(d) When a DCAA organizational element estimates or determines that allowable charges that a requester may be required to pay are likely to exceed \$250.00, they shall notify the requester of the likely cost and obtain satisfactory assurance of full payment. This fee declaration generally applies when the requester has a history of prompt payments, however, an advance payment may be required of an amount up to the full estimated charges in the case of requesters with no history of payment.

(e) Where a requester has previously failed to pay a fee charged within 30 calendar days from the date of billing, DCAA organizational elements may require the requester to pay the full amount due, plus any applicable interest or demonstrate satisfaction of the debt, and to make an advance payment of the full amount of estimated fees, before processing begins on a new or pending request.

(f) After all work is completed on a request, and the documents are ready for release, DCAA organizational elements may request payment before forwarding the documents if there is no payment history on the requester, or if the requester has previously failed to pay a fee in a timely fashion (i.e., within 30 calendar days from the date of billing). Documents may not be held for release pending payment from requesters with a history of prompt payment.

(g) The administrative time limits for responding to a request will begin only after the DCAA organizational element has received an adequate declaration from the requester stating a willingness to pay fees, and satisfaction that all outstanding debts have been paid.

(h) DCAA organizational elements can bill requesters for services provided in responding to a request. Payment of fees may be made by personal check, bank draft drawn on a U.S. bank, or by U.S. Postal money order. All payments of this type are to be made payable to the U.S. Treasurer.

(i) *Aggregating requests.* Occasionally, a requester may file multiple requests at the same time, each seeking portions of a document or documents, solely to avoid payments of fees. When a DCAA organizational element reasonably believes that a requester is attempting to do so, the DCAA organizational element may aggregate such requests and charge accordingly. One element to be considered would be the time period in which the requests have occurred. In no case may DCAA organizational elements aggregate multiple requests on unrelated subjects from one requester.

(j) *Fee waivers.* (1) The determination to waive fees is at the discretion of IDAs designated in this rule. When direct costs for a FOIA request total the automatic fee waiver threshold, or is less, fees shall be waived automatically for all requesters, regardless of category.

(2) Documents will be furnished without charge, or at a charge reduced below fees assessed to the categories of requesters, when the IDA determines that a waiver or reduction of fees is in the public interest because furnishing the information is likely to contribute significantly to public understanding of the operations of DCAA, and is not primarily in the commercial interest of the requester. DCAA organizational elements should refer to DCAAP 5410.14 for factors to consider in applying fee waivers due to public interest. Each fee decision must be considered on a case-by-case basis and upon the merits of the information provided in each request. When the question of whether to charge or waive the fee cannot be

clearly resolved, DCAA organizational elements should rule in favor of the requester.

APPENDIX A TO PART 290—DCAA'S ORGANIZATION AND MISSION

(a) Purpose. This section implements 5 U.S.C. 552 by describing the central and field organizations of DCAA.

(b) Origin and Authority. DCAA was established by the Secretary of Defense under Department of Defense (DoD) Directive 5105.36¹ (32 CFR part 357) and began operating on July 1, 1965. Its Director reports to the Comptroller of the Department of Defense.

(c) Objective. Assist in achieving the objective of prudent contracting by providing DoD officials responsible for procurement and contract administration with financial information and advice on proposed or existing contracts and contractors, as appropriate.

(d) Mission. (1) DCAA performs all necessary contract audits for the Department of Defense, and provides accounting and financial advisory service regarding contracts to all DoD components responsible for procurement and contract administration. These services are provided in connection with negotiation, administration, and settlement of contracts and subcontracts. It also furnishes advisory contract audit service to a number of other government agencies under agreements between the Department of Defense and such agencies.

(2) DCAA audits contractors' and subcontractors' accounts, records, documents, and other evidence; systems of internal control, accounting, costing, estimating, and general business practices and procedures to give advice and recommendations to procurement and contract administration personnel on: acceptability of costs incurred under cost, redetermination, incentive, and similar type contracts; acceptability of estimates of costs to be incurred as represented by contractors incident to the award, negotiation, and modification of contracts; and adequacy of contractors' accounting and financial management systems and estimating procedures. DCAA also performs post-award audits of contracts for compliance with the provisions of Public Law 87-653 (Truth in Negotiations), and reviews contractor compliance with the Cost Accounting Standards.

(3) DCAA assists responsible procurement or contract administration activities in their surveys of the purchasing-procurement systems of major contractors; and cooperates with other DoD components on reviews, audits, analyses, or inquiries involving contractors' financial positions or financial and

¹Copies may be obtained, at cost, from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161.

accounting policies, procedures, or practices. DCAA also maintains liaison auditors at major procuring and contract administration offices and provides assistance in the development of procurement policies and regulations.

(e) Composition. (1) DCAA consists of six major organizational elements: A Headquarters and six regions. The five regional offices manage over 400 field audit offices (FAOs) and suboffices located throughout the United States and overseas. An FAO is identified as either a branch office or a resident office. Suboffices are established by regional directors as extensions of FAOs when required to furnish contract audit service more economically. A suboffice is dependent on its parent FAO for release of audit reports and other administrative support.

(2) The Headquarters located at Fort Belvoir, Virginia consists of:

(i) The Director who exercises worldwide direction and control of DCAA.

(ii) The Deputy Director who serves as principal assistant to the Director and acts for the Director in his absence.

(iii) The Assistant Director, Operations, authorized to act for the Director and Deputy Director in their absence, is responsible for staff functions related to audit management, and technical audit programs, supervises the Technical Services Center in Memphis, Tennessee and the procurement/contract administration liaison offices.

(iv) The Assistant Director, Policy and Plans, is responsible for audit policy and procedures and related liaison functions, and supervises the Defense Contract Audit Institute in Memphis, Tennessee.

(v) The Assistant Director, Resources, is responsible for the programs and procedures related to the management and administration of resources required to support the audit mission.

(vi) The General Counsel provides legal and legislative advice to the Director and all members of the Agency staff.

(vii) The Executive Officer performs a variety of special projects and assignments for the Director and Deputy Director.

(viii) The Special Assistant for Quality reviews the Agency's compliance with established audit quality control standards, policies, and procedures and other internal control requirements.

(3) Regional offices are located in Smyrna, GA; Lexington, MA; Irving, TX; La Mirada, CA; and Philadelphia, PA. Regional directors direct and administer the DCAA audit mission, and manage personnel and other resources assigned to the regions; manage the contract audit program; and direct the operation of FAOs within their region. Principal elements of regional offices are the Regional Director, Deputy Regional Director, Regional Audit Managers, Regional Special

Programs Manager, and Regional Resources Manager.

(4) A resident office is established at a contractor's location when the amount of audit workload justifies the assignment of a permanent staff of auditors and support staff. A resident office may also perform procurement or contract administration liaison functions.

(5) A branch office is established at a strategically situated location within the region, responsible for performing all contract audit service within the assigned geographical area, exclusive of contract audit service performed by a resident or liaison office within the area. A branch office may also perform procurement or contract administration liaison functions.

(6) If requested, a DCAA liaison office is established at a DoD procurement or contract administration office when required on a full-time basis to provide effective communication and coordination among procurement, contract administration, and contract audit elements. Liaison offices assist in effective utilization of contract audit services.

[56 FR 49685, Oct. 1, 1991, as amended at 60 FR 35699, July 11, 1995]

APPENDIX B TO PART 290—DCAA'S FOIA POINTS OF CONTACT

(Regional Offices Listed Alphabetically by State and City)

CALIFORNIA

DCAA WESTERN REGIONAL OFFICE, Attn: RCI-4 (FOIA Coordinator), 16700 Valley View Avenue, suite 300, La Mirada, CA 90638-5830, (714) 228-7036

Geographical Area of Responsibility: Alaska, California, Hawaii, Idaho, Montana, Nevada, Oregon, and Washington.

Pacific Ocean and Asian Islands.

Asia except the Middle East.

Australia.

GEORGIA

DCAA EASTERN REGIONAL OFFICE, Attn: RCI-1 (FOIA Coordinator), 2400 Lake Park Drive, suite 300, Smyrna, GA 30080-7644, (770) 319-4510

Geographical Area of Responsibility: Alabama, Florida, Georgia, Indiana, Kentucky, Louisiana, Mississippi, North Carolina, Ohio, Tennessee, Virginia, West Virginia, Central America, South America, Bermuda, Puerto Rico and nearby Islands, and Mexico.

MASSACHUSETTS

DCAA NORTHEASTERN REGIONAL OFFICE, Attn: RCI-2 (FOIA Coordinator), 83 Hartwell Avenue, Lexington, MA 02173-3163, (617) 377-9756

Office of the Secretary of Defense

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Geographical Area of Responsibility: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, Michigan (excluding the Upper Peninsula), all New York Counties except Steuben, Schuyler, Chemung, Tompkins, Tioga, Broome, Chenango, Otsego, Delaware, and Sullivan.

Africa and Adjacent Islands.

Europe and Adjacent Islands.

Middle East and Adjacent Islands.

Greenland.

Iceland.

PENNSYLVANIA

DCAA MID-ATLANTIC REGIONAL OFFICE, Attn: RCI-6 (FOIA Coordinator), 615 Chestnut Street, suite 1000, Philadelphia, PA 19106-4498, (215) 597-5403

Geographical Area of Responsibility: Delaware, District of Columbia, Maryland, and New Jersey.

New York Counties of Steuben, Schuyler, Chemung, Tompkins, Tioga, Broome, Chenango, Otsego, Delaware, and Sullivan. The IBM Suboffice located at Tarrytown, New York.

Pennsylvania Counties East of and including Tioga, Lycoming, Union, Mifflin, Juniata, and Franklin.

Virginia Counties East and North of and including Stafford, Culpeper, Rappahannock, Page, Shenandoah, and Frederick.

TEXAS

DCAA CENTRAL REGIONAL OFFICE, Attn: RCI-3 (FOIA Coordinator), 106 Decker Court, suite 300, Irving, TX 75062-2795, (214) 650-4893

Geographical Area of Responsibility: Arizona, Arkansas, Colorado, Illinois, Iowa, Kansas, Minnesota, Missouri, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, Utah, Wisconsin, Wyoming and Louisiana Parishes North of and including Vernon, Rapides, and Avoyelles.

VIRGINIA

DCAA HEADQUARTERS, Attn: CMR (Information and Privacy Advisor), 8725 John J. Kingman Road, Suite 2135, Fort Belvoir, VA 22060-6219, (703) 767-1244

(a) Miscellaneous.

(1) The following publications may be obtained from the Defense Contract Audit Agency, ATTN: CMO, 8725 John J. Kingman Road, Suite 2135, Fort Belvoir, VA 22060-6219, (703) 767-1244. Since these materials are publicly available, requesters need not invoke the Freedom of Information Act to obtain copies of the publications selected.

(i) DCAAI 5025.2, Index of Numbered Publications, lists Agency publications.

(ii) DCAAP 1421.3, Catalog of Training Courses, lists training courses available from

the Defense Contract Audit Institute, Specific training courses are also available.

(2) Although the following publication is publicly available, the memorandums listed may or may not be subject to withholding under the Freedom of Information Act. Those memorandums marked with an "(R)", denoting releasable (e.g. 94-PFD-063R)), are available from the above address. However, Memorandums for Regional Directors (MRDs) marked "(NR)", meaning not releasable, cannot be obtained from this source. Requests for (NR) MRDs should be sought under the auspices of the Freedom of Information Act from the Defense Contract Audit Agency, ATTN: CMR, Cameron Station, Alexandria, VA 22304-6178.

(i) DCAAI 5025.13, Index of DCAA Memorandums for Regional Directors (MRDs), lists numbered memorandums pertaining to Agency policy, procedure, and informational topics.

(3) Requesters should plainly display the words "Freedom of Information Act Request" on the lower left hand corner of the envelope to ensure prompt handling.

(b) [Reserved]

[56 FR 49685, Oct. 1, 1991, as amended at 57 FR 30904, July 13, 1992; 58 FR 63084, Nov. 30, 1993; 60 FR 18006, Apr. 10, 1995; 60 FR 35699, July 11, 1995; 61 FR 4885, Feb. 9, 1996; 61 FR 5510, Feb. 13, 1996]

APPENDIX C TO PART 290—FOR OFFICIAL USE ONLY

(a) General. Information that has not been given a security classification pursuant to the criteria of an Executive Order, but which may be withheld from the public for one or more of the reasons cited in FOIA Exemptions 2 through 9 shall be considered as being for official use only. No other material shall be considered or marked "For Official Use Only" (FOUO). FOUO is not authorized as an anemic form of classification to protect national security interests.

(b) Prior FOUO Application. The prior application of FOUO markings is not a conclusive basis for withholding a record that is requested under the FOIA. When such a record is requested, the information in it shall be evaluated to determine whether, under current circumstances, FOIA exemptions apply in withholding the record or portions of it. If any exemption or exemptions apply or applies, it may nonetheless be released when it is determined that no governmental interest will be jeopardized by its release. (1) Historical Papers. Records such as notes, working papers, and drafts retained as historical evidence of Agency actions enjoy no special status apart from the exemptions under the FOIA.

(2) Time to Mark Records. The marking of records at the time of their creation provides

notice of FOUO content and facilitates review when a record is requested under the FOIA. Records requested under the FOIA that do not bear such markings, shall not be assumed to be releasable without examination for the presence of information that requires continued protection and qualifies as exempt from public release.

(3) Distribution Statement. Information in a technical document that requires a distribution statement pursuant to DoD Directive 5230.24¹ shall bear that statement and may be marked FOUO, as appropriate.

(c) Markings. (1) Location of Markings. (i) An unclassified document containing FOUO information shall be marked "For Official Use Only" at the bottom on the outside of the front cover (if any), on each page containing FOUO information, and on the outside of the back cover (if any).

(ii) Within a classified document, an individual page that contains both FOUO and classified information shall be marked at the top and bottom with the highest security classification of information appearing on the page.

(iii) Within a classified document, an individual page that contains FOUO information but no classified information shall be marked "For Official Use Only" at the bottom of the page.

(iv) Other records, such as, photographs, films, tapes, or slides, shall be marked "For Official Use only" or "FOUO" in a manner that ensures that a recipient or viewer is aware of the status of the information therein.

(v) FOUO material transmitted outside the Department of Defense requires application of an expanded marking to explain the significance of the FOUO marking. This may be accomplished by typing or stamping the following statement on the record prior to transfer:

This document contains information
EXEMPT FROM MANDATORY DISCLOSURE

Under the FOIA. Exemptions apply.

(2) Instructions for marking DCAA audit reports are contained in Chapter 10 of the Contract Audit Manual (CAM)².

(3) DCAA Label 4, FOUO Cover Sheet. This form may be used to further identify FOUO information.

(d) Dissemination and Transmission. (1) Release and Transmission Procedures. Until

FOUO status is terminated, the release and transmission instructions that follow apply:

(i) FOUO information may be disseminated within the Agency and between officials of DoD Components and DoD contractors, consultants, and grantees to conduct official business for the Department of Defense. Recipients shall be made aware of the status of such information, and transmission shall be by means that preclude unauthorized public disclosure. Transmittal documents shall call attention to the presence of FOUO attachments.

(ii) Agency and DoD holders of FOUO information are authorized to convey such information to officials in other departments and agencies of the executive and judicial branches to fulfill a government function, except to the extent prohibited by the Privacy Act. Records thus transmitted shall be marked "For Official Use Only", and the recipient shall be advised that the information has been exempted from public disclosure, pursuant to the FOIA, and that special handling instructions do or do not apply.

(iii) Release of FOUO information to Members of Congress is governed by DoD Directive 5400.4³ Release to the GAO is governed by DoD Directive 7650.1⁴ Records released to the Congress or GAO should be reviewed to determine whether the information warrants FOUO status. If not, prior FOUO markings shall be removed or effaced. If withholding criteria are met, the records shall be marked FOUO and the recipient provided an explanation for such exemption and marking. Alternatively, the recipient may be requested, without marking the record, to protect against its public disclosure for reasons that are explained.

(iv) Records or documents containing FOUO information will be transported between offices in such a manner as to preclude disclosure of the contents. First-class mail and ordinary parcel post may be used for transmission of FOUO information. The double envelope system required for classified material may be used when it is considered desirable to exclude examination by mail handling personnel. In such cases, the inner envelope should be addressed to the intended recipient by title or name and contain a statement that the envelope is to be opened by the addressee only.

(v) FOUO material prepared on personal computers or other data processing equipment should be password protected at origination.

(vi) Requests for Field Detachment sensitive information must be coordinated with the Director, Field Detachment, through Headquarters, DCAA.

¹Copies may be obtained, at cost, from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161.

²Copies may be obtained from the Defense Contract Audit Agency, Attn: CMO, 8725 John J. Kingman Road, Suite 2135, Fort Belvoir, VA 22060-6219.

³See footnote 1 to paragraph (b)(3).

⁴See footnote 1 to paragraph (b)(3).

(2) **Transporting FOUO Information.** Records containing FOUO information shall be transported in a manner that precludes disclosure of the contents. When not commingled with classified information, FOUO information may be sent via first-class mail or parcel post. Bulky shipments, such as distributions of FOUO Directives or testing materials, that otherwise qualify under postal regulations may be sent by fourth-class mail.

(3) **Electrically Transmitted Messages.** Each part of electrically transmitted messages containing FOUO information shall be marked appropriately. Unclassified messages containing FOUO information shall contain the abbreviation "FOUO" before the beginning of the text. Such messages shall be transmitted in accordance with communications security procedures in Allied Communication Publication 121 (U.S. Supp 1) for FOUO information.

(e) **Safeguarding FOUO Information.** (1) **During Duty Hours.** During normal working hours, records determined to be FOUO shall be placed in an out-of-sight location if the work area is accessible to nongovernmental personnel.

(2) **During Nonduty Hours.** At the close of business, FOUO records shall be stored so as to preclude unauthorized access. Filing such material with other unclassified records in unlocked files or desks, etc., is adequate when normal U.S. Government or Government-contractor internal building security is provided during nonduty hours. When such internal security control is not exercised, locked buildings or rooms normally provide adequate after hours protection. If such protection is not considered adequate, FOUO material shall be stored in locked receptacles such as file cabinets, desks, or bookcases. FOUO records that are subject to the provisions of Public Law 86-36 shall meet the safeguards outlined for that group of records.

(3) Field audit offices located in contractor owned facilities will ensure that material marked FOUO is stored in a locked receptacle to which the contractor does not have access during nonduty hours.

(f) **Termination, Disposal and Unauthorized Disclosures.** (1) **Termination.** The originator or other competent authority, e.g., initial denial and appellate authorities, shall terminate "For Official Use Only" markings or status when circumstances indicate that the information no longer requires protection from public disclosure. When FOUO status is terminated, all known holders shall be notified, to the extent practical. Upon notification, holders shall efface or remove the "For Official Use Only" markings, but records in file or storage need not be retrieved solely for that purpose.

(2) **Disposal.** (i) Nonrecord copies of FOUO materials may be destroyed by tearing each copy into pieces to preclude reconstructing,

and placing them in regular trash containers. When local circumstances or experience indicates that this destruction method is not sufficiently protective of FOUO information, local authorities may direct other methods but must give due consideration to the additional expense balanced against the degree of sensitivity of the type of FOUO information contained in the records.

(ii) Record copies of FOUO documents shall be disposed of in accordance with the disposal standards established under 44 U.S.C. chapter 33, as implemented by DCAAM 5015.1⁵, "Files Maintenance and Disposition Manual".

(3) **Unauthorized Disclosure.** The unauthorized disclosure of FOUO records does not constitute an unauthorized disclosure of DoD information classified for security purposes. Appropriate administrative action shall be taken, however, to fix responsibility for unauthorized disclosure whenever feasible, and appropriate disciplinary action shall be taken against those responsible. Unauthorized disclosure of FOUO information that is protected by the Privacy Act may also result in civil and criminal sanctions against responsible persons. The DCAA organizational element or DoD component that originated the FOUO information shall be informed of its unauthorized disclosure.

(g) **Protection of Field Detachment Sensitive Information.** (1) **Definition.** All communication, which qualifies for withholding under Exemptions (2) through (9), between regular DCAA organizational elements and Field Detachment offices is sensitive information and, as a minimum, shall be marked: FOR OFFICIAL USE ONLY (FOUO).

(2) **Markings.** (i) Communications, which qualify for withholding under Exemptions (2) through (9) initiated by a Field Detachment office, will bear the following marking:

FOR OFFICIAL USE ONLY

Access limited to addressee and his/her designated representative(s) with a need-to-know.

This document may not be reproduced or further disseminated without the approval of the Director, Field Detachment, DCAA.

(ii) All correspondence specifically exempt under Exemptions (2) through (9), including assist audit requests, generated by a regular (non-FD) DCAA office, which is addressed to the Field Detachment, either Headquarters or a field audit office, will be marked FOR OFFICIAL USE ONLY and will be limited within the FAO to one protected office copy.

(3) **Storage.** (i) All Field Detachment sensitive information in the possession of a regular DCAA office will be stored in a classified container, if available. If a classified

⁵See footnote 2 to paragraph (c)(2).

container is not available, the sensitive information shall be stored in a locked container controlled by the FAO manager.

(ii) Permanent files currently maintained by regular DCAA offices, which are available to all FAO personnel, should not contain any detailed information on Field Detachment audit interest. That information shall be protected as sensitive information and stored in accordance with paragraph (g)(3)(i) of this appendix.

(4) Dissemination. (i) Access to Field Detachment sensitive information by other DCAA audit and administrative personnel within the office shall be on a strict need-to-know basis as determined by the FAO manager.

(ii) Requests by non-DCAA personnel for access to Field Detachment sensitive information must be coordinated with the Director, Field Detachment, through Headquarters, DCAA.

[56 FR 49685, Oct. 1, 1991, as amended at 60 FR 18006, Apr. 10, 1995; 60 FR 35699, July 11, 1995]

APPENDIX D TO PART 290—AUDIT WORKING PAPERS

(a) *Definition*

(1) Audit working papers contain information from accounting and statistical records, personal observations, the results of interviews and inquiries, and other available sources. Audit working papers may also include contract briefs, copies of correspondence, excerpts from corporate minutes, organization charts, copies of written policies and procedures, and other substantiating documentation. The extent and arrangement of working paper files will depend to a large measure on the nature of the audit assignment.

(2) Working papers are generally classified in two categories: the permanent file and the current file.

(i) Permanent file.

(A) The permanent file on each contractor is a central repository of information gathered during the course of an audit which has continuing value and use to subsequent audits expected to be performed at the same contractor. Permanent files are useful in preparing the audit program and in determining the appropriate scope of subsequent audits. They also provide ready means for auditors to become familiar with the contractor's operations and any existing audit problems or contractor system weaknesses. While summary information on the contractor's organization, financial structure and policies may sometimes be included in permanent files for smaller contractors, such information on large contractors with continuing audit activity is generally maintained in the field audit office at the central reference library.

(B) Items which would logically be included in the permanent file as having continuing value in future audit assignments include:

(1) Internal control questionnaire.

(2) Internal control review update control log.

(3) Vulnerability assessment.

(4) MAARs control log.

(5) Disclosure statement and revisions in accordance with CAS rules and regulations, and

(6) CAS compliance control schedules and a noncompliance summary schedule.

(ii) Current File. The current file usually consists of working papers which have limited use on future assignments. DCAA Forms 7640-19 a, b, and c are the Agencywide Working Paper Indexes and provide a concise summary of items generally found in audit working papers.

(b) *Explanation.*

(1) The preparation of working papers assists the auditor in accomplishing the objectives of an audit assignment. Working papers serve as the basis for the conclusions in the audit report; provide a record of the work done for use as substantiating data in negotiations, appeals, and litigation; provide guidance for subsequent examinations; and serve as a basis for the review and evaluation of the work performed.

(2) Audit working papers are generally prepared at the time audit work is performed and are maintained on a current basis. Working papers normally reflect the progress of the audit and are designed to ensure continuity of the audit effort.

(3) Working papers should be relevant to the audit assignment and not include extraneous pages. Superseded working papers should be clearly marked as such and retained as part of the working paper package.

(4) The nature of audit working papers requires that proper control and adequate safeguards be maintained at all times. Working papers frequently reflect information considered confidential by the contractor and are marked "For Official Use Only" or are classified for government security purposes.

[56 FR 56932, Nov. 7, 1991]

PART 291—DEFENSE NUCLEAR AGENCY (DNA) FREEDOM OF INFORMATION ACT PROGRAM

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